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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 5-82

WASHINGTON, Feb. 3--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

Total U.S. DURUM export commitments for 1981/82 (June-May) reached 2 million tons as of Jan. 21, well beyond the 1.6 million shipped in all of 1980/81. Durum exports also are running ahead of the pace set in 1979/80 when they reached a record 2.3 million tons. Actual shipments so far this year are 1.5 million tons, up 36 percent from the same 1980/81 period, and outstanding sales for the period total 480,000 tons, up 222 percent.

OILSEEDS AND PRODUCTS

In the SOVIET UNION, preliminary results of 1981 agricultural production, as released by the Soviets Jan. 23, place sunflower production at 4.6 million tons, a 1-percent decrease from the disastrous 1980 harvest. The 1981 crop is the smallest since the 4.3-million tons produced in 1963. Soviet consumption of cooking oil and margarine could decline unless imports expand more than presently indicated.

As a result of the small crop, Soviet sunflowerseed oil output is expected to total only 1.6 million tons, the smallest volume in the past ten years. The Soviets are now expected to import 150,000 tons of sunflowerseed oil in the current marketing year.

A report in the government newspaper, Izvestiya, suggests that the Soviet's may be considering increasing the use of hybrid sunflowerseed to raise yields above the present level of about 1 ton per hectare. If true, the change would represent a major alteration in Soviet policy, which has long emphasized development and cultivation of open-pollinated rather than hybrid varieties.

The USSR has done some hybridization work, although replication of the seed for commercial planting has lagged. To implement a hybrid seed planting program in 1982, the Soviets would need to obtain seed from outside the country.

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SOUTH KOREA has set a 342,000-ton soybean tariff quota for the first half of 1982. Effective Jan. 13, the duty within the quota increased from 10 to 12 percent. The duty for over-quota soybeans is 20 percent, however, it is unlikely that any over-quota soybeans will be imported in 1982. The second-half quota is expected to be unchanged from the first half, providing all the first-half quota is utilized. Korea is expected to import 550,000 tons of soybeans in 1982.

ARGENTINA recently imposed a 10-percent export tax on agricultural exports. The tax is not applicable to processed oilseed products which benefit from export rebates of 10 percent.

DAIRY, LIVESTOCK AND POULTRY

In COLOMBIA, milk production during 1981 rose to 2.6 million tons, a 9-percent increase over the preceding year, according to the U.S. agricultural counselor in Bogota. A policy change in 1979 that allows prices to reflect demand is generally given credit for the increase. Milk prices received by farmers have tripled since the policy change became effective. With favorable producer prices, another 9-percent increase in milk production is forecast for 1982.

BRAZIL'S broiler production totaled 1.4 million tons in 1981, up 12 percent from the preceding year, according to government sources. The estimate for 1982, at 1.5 million tons, indicates a slower growth rate of about 7 percent.

Most of the production increase forecast for 1982 is destined for export since domestic disappearance is expected to be dampened by higher consumer prices. Rising feed costs (up 29 percent from August 1981), along with higher costs for other inputs, are pushing consumer prices upward.

In SPAIN, increased demands from tourism and reduced supplies of fish contributed to a record meat output of 2.6 million tons in 1981, according to the U.S. agricultural counselor. Poultry meat output expanded 16 percent, compared with year earlier levels, reaching a record of 885,000 tons in 1981. Expanded poultry output was accompanied by record pork production of 1.1 million pounds, an expansion of 6 percent, compared with 1980. The increased pig slaughter was due principally to a cost price squeeze.

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For 1982, the outlook for meat production is for a slight decline from last year's record level as no further herd liquidation for pigs is anticipated and broiler output is expected to level off.

Egg production continued its upward trend of recent years with a rise of 1 percent in 1981. A slight increase in egg output for 1982 is expected.

TOBACCO

INDIA'S 1982 flue-cured Virginia crop, which will be ready for harvest in three to four weeks, is expected to total between 140,000 and 150,000 tons, farm weight basis. Karantaka has already harvested an estimated 19,000 tons, compared with 6,800 in 1981. Growing conditions continue to be satisfactory in most of the producing areas. The 1981 flue-cured crop was officially estimated at 109,700 tons. In view of expected strong overseas demand and increases in production costs the government is expected to establish the minimum export prices for the 1982 crop at least at 15 percent above the 1981 level.

The UNITED KINGDOM'S Tobacco Advisory Council has launched an advertising campaign to bring attention to the extraordinarily high rates of cigarette taxation. About 75 percent of the price per pack is excise and value-added tax, making cigarettes the most heavily taxed U.K. consumer good. In comparison, taxes on gasoline and movie tickets amount to only 50 percent and 13 percent of the total price, respectively.

The advertising campaign is expected to cost about 625,000 pounds sterling (US \$1.2 million), compared with the nearly 4 billion pounds (US \$7.5 billion) a year collected by the government in tobacco taxes.

Latest reports from INDIA indicate that calendar 1981 cigarette production was between 85 to 88 billion pieces, compared with 76.6 billion pieces (revised) in 1980. The previous record of 78.8 billion pieces was reached in 1979.

In the EUROPEAN COMMUNITY, the second stage of tobacco tax harmonization has been extended by one year to Dec. 31, 1982. The European Parliament's study of the next stage of harmonization will be presented in March. This study and the opinion of the Economic and Social Committee will be considered by the Council prior to the implementation of the third stage of tax harmonization.

HORTICULTURAL AND TROPICAL PRODUCTS

The SOVIET UNION'S official preliminary estimate for its 1981/82 sugar beet production for sugar manufacture (released Jan. 23) of 60.6 million tons has spurred a significant reassessment of sugar production potential from this extremely poor crop. This compares with the 1980/81 season when the Soviet's produced 79.6 million tons of sugar beets.

The disastrously poor 1981 sugar beet crop, some 40 million tons below the 1981-85 target, is being attributed to significant problems with seed viability, poor stand development last spring and the widespread June-August drought with hot-dry winds (Sukhovey). While production information on particular states remains sketchy, it appears that beet yields in key producing regions in the RSFSR and Ukraine were particularly hard hit.

More detailed analysis of the Soviet sugar situation will be forthcoming as additional information becomes available. A reassessment of world sugar production will be made available with USDA's second estimate of the world 1981/82 sugar production, scheduled for release May 5.

In WEST GERMANY, the Sugar Industry Association reports production of centrifugal sugar (raw value) for the 1981/82 season (Oct.-Sept.) to be a record 3.7 million tons, 350,000 tons above the USDA's Oct. 28 estimate and 25 percent above the 1980 level. The record sugar output is due to the tremendous sugar beet crop this season now estimated at 24.5 million tons, up 28 and 34 percent from the 1980 and 1979 crops, respectively. With the 1981/82 crop, farmers experienced significant problems due to the enormous volume and poor weather conditions during harvest. Earlier reports indicated that a significant quantity of the beets had suffered frost damage and could not be used for sugar extraction. According to West Germany's Sugar Manufacturers Association, these reports turned out to be false.

COLOMBIA has proposed updating the International Coffee Organization's quota distribution formula, contending that it is outdated and does not reflect the present coffee situation. The current formula is based on export performance to member importers for coffee years 1968-69 to 1971-72. Colombia contends that this system grants more than adequate quotas to countries not having sufficient coffee while penalizing those with surpluses.

In order to give equal protection against price rises and declines, Colombia would prefer a system where all producing countries would be required to make available half of their annual quota if prices rose above a negotiated range. In order to insure the availability of the necessary stocks, the proposal suggests a producer's obligation to keep a percentage of verified stocks under international control at all times.

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Colombia also favors a compulsory production policy for all countries which would stabilize the annual coffee supply at national and international requirements, plus sufficient stocks for three months. Without such a policy, Colombia believes the higher prices engendered by any agreement would lead to over production and the accumulation of stocks which ultimately could become unbearable for producing countries.

In SWEDEN, the import levy for fresh potatoes was decreased Jan. 1 from SKr 52.50 per 100 kilograms (4.4 cents per pound) to SKr 48.00 per 100 kilograms (3.8 cents per pound). The decrease was due to the September 1981 devaluation of the Swedish Krona. Import levies on dehydrated potato products also were decreased to SKr 48.00 times the relevant conversion factors of 6.1 for powder and 7.2 for flakes. The levy for powder is now SKr 293 per 100 kilograms (\$2.73 per pound), down from SKr 373. These levies are in effect until July 1, 1982, unless special conditions require revisions.

In NORWAY, the free apple import season opened Jan. 18 and will close on April 30. A subsequent 10,000-ton import quota will be effective May 1-July 31. Supplementary import licenses may be issued, depending upon stock positions, until the domestic crop is harvested.

In SWITZERLAND, short domestic white wine supplies are being reported for the second year in a row. Ending stocks of domestic wine for the 1981 marketing year were down 19 percent from the year before, and down 26 percent, compared with the average during the preceding decade. As a result of these lower domestic supplies, the government increased white import quotas by 250,000 hectoliters (either bottles or barrels) effective Jan. 1. This is in addition to the basic yearly import quota of 35,000 hectoliters, delivered in bottles only.

The increased quotas open new market opportunities for U.S. wines, particularly the revised system which took effect Jan. 1. Under this revised system, licenses for import of white wine in bottles are issued on a global basis, instead of being bound to country-of-origin shares. This will allow U.S. wines to compete for the whole import market, not just the small portion previously allotted.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 2, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	187.50 7/	5.10 7/	-1 7/
U.S. No. 2 DHW/HW: 13.5%.....	200.00	5.44	+2
U.S. No. 2 S.R.W.....	168.00	4.57	+5
U.S. No. 3 H.A.D.....	193.00 7/	5.25 7/	-44 7/
Canadian No. 1 A: Durum.....	214.00 7/	5.82 7/	-30 7/
Feed grains:			
U.S. No. 3 Yellow Corn.....	127.50	3.24	-5
U.S. No. 2 Sorghum 2/.....	146.00	3.71	+5
Feed Barley 3/.....	1/	1/	1/
Soybeans:			
U.S. No. 2 Yellow.....	264.00	7.18	+10
Argentine 4/.....	265.00 7/	7.21 7/	+8 7/
U.S. 44% Soybean Meal (M.T.)..	248.00	--	+7.50 5/
EC Import Levies			
Wheat 6/.....	87.95	2.39	-1
Barley.....	71.60	1.56	+8
Corn.....	101.60	2.58	+7
Sorghum.....	84.05	2.14	0

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April/May delivery

Note: Basis Feb. delivery.

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